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CHIHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 976)

**INVESTMENT BY
SIMS METAL MANAGEMENT DRAGON HOLDINGS LIMITED
INVOLVING THE SALE OF EXISTING SHARES BY
THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY
AND THE GRANT OF AN OPTION BY A SUBSTANTIAL SHAREHOLDER
AND
THE ISSUE BY THE COMPANY OF
THREE-YEAR 4% COUPON CONVERTIBLE BONDS
IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$815,800,000
WITH DETACHABLE THREE-YEAR WARRANTS
TO SUBSCRIBE FOR SHARES IN AN AGGREGATE AMOUNT
OF HK\$75,830,646
AND
APPOINTMENT AND RESIGNATION OF DIRECTORS
AND
RESUMPTION OF TRADING**

Sole Financial Adviser to Chiho-Tiande

Daiwa
Capital Markets

INVESTMENT BY SIMS AND THE COMPANY'S SUBSTANTIAL SHAREHOLDERS

The Board is pleased to announce that on 17 January 2012, Mr. Fang, the Chairman of the Group, through HWH, together with Delco have executed the Share Sale and Purchase Agreement to sell 16% of the existing issued share capital of the Company to Sims, a Hong Kong subsidiary of SMM, the world's largest listed metal recycler with ordinary shares listed on the Australian Securities Exchange (ASX: SGM) and American Depositary Receipts listed on the New York Stock Exchange (NYSE: SMS). Delco has also granted the Option to Sims to acquire a further 2% of the existing issued share capital of the Company. In addition, subject to approval by the Independent Shareholders, Sims will subscribe for part of the Convertible Bonds with the detachable Warrants. Assuming full exercise of the Option and full conversion of the Convertible Bonds and the Warrants, Sims is expected to hold not more than approximately 20% of the fully diluted issued share capital of the Company.

In order to support the continuing growth of the Group and subject to the approval of the Independent Shareholders, HWH and Delco will re-invest two-thirds of the sale proceeds received from the Share Sale into the Company by way of subscribing for part of the Convertible Bonds with the detachable Warrants on the same terms as Sims. HWH and Delco have also agreed to assign their Warrants to Sims upon issue of the Warrants.

The Board welcomes the joining of SMM, via Sims, as a strong strategic Shareholder with expertise which complements that of the Group.

THE SHARE SALE AND THE GRANT OF OPTION

On 17 January 2012, Sims entered into the Share Sale and Purchase Agreement with, amongst others, Delco and HWH pursuant to which, Delco and HWH sold an aggregate of 166,696,754 Shares, representing approximately 16% of the existing issued share capital of the Company, to Sims at the total consideration of HK\$750,135,393 (representing HK\$4.50 per Sale Share), which was payable by Sims in cash.

In consideration of Sims entering into the Share Sale and Purchase Agreement, Delco has irrevocably granted to Sims the Option to purchase additional 20,837,095 Shares (which will be increased by the Further Option Shares upon occurrence of the Further Option Triggering Event) at HK\$6.00 per Option Share (subject to any adjustments) on the terms and subject to the conditions set out in the Share Sale and Purchase Agreement. Upon the full exercise of the Option without the Further Option Triggering Event, the Option Shares shall represent approximately 2% of the issued share capital of the Company as at the date of Completion. If the Further Option Triggering Event occurs, upon the full exercise of the Option, the Option Shares shall represent approximately 4% of the issued share capital of the Company as at the date of Completion.

The Option is exercisable at any time during the period commencing from Completion and expiring on the date being the third anniversary of that date.

Completion took place on the date of signing the Share Sale and Purchase Agreement.

THE SUBSCRIPTION AGREEMENT AND THE ISSUE OF CONVERTIBLE BONDS AND WARRANTS

In conjunction with the Share Sale and in order to support the continuing growth of the Group, on 17 January 2012, the Company entered into the Subscription Agreement with HWH, Delco and Sims pursuant to which the Company will issue to Delco, HWH and Sims three-year 4% coupon Convertible Bonds in the aggregate principal amount of HK\$815,800,000 with the detachable Warrants in registered form to subscribe for an aggregate of 12,638,441 Shares at an initial exercise price of HK\$6.00 per Share for an aggregate principal amount of HK\$75,830,646. HWH and Delco will re-invest two-thirds of the sale proceeds received from the Share Sale into the Company by way of subscribing for part of the Convertible Bonds. HWH and Delco have also agreed to assign their Warrants to Sims upon issue of the Warrants.

The Convertible Bonds and the Warrants are to be converted or subscribed respectively at the initial conversion or subscription price of HK\$6.00 per Share (subject to adjustments), which represents:

- (i) a premium of approximately 51.90% over the closing price of HK\$3.95 per Share as quoted on the Stock Exchange on 17 January 2012, being date of execution of the Subscription Agreement; and
- (ii) a premium of approximately 53.45% over the average closing price of HK\$3.91 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the morning of 17 January 2012, being the last trading day immediately before the execution of the Subscription Agreement.

Assuming full conversion of the Convertible Bonds at the initial Bonds Conversion Price, the Convertible Bonds subscribed for by Sims, Delco and HWH will be convertible into approximately 52,600,000 Shares, 52,100,000 Shares and 31,266,667 Shares respectively, representing approximately 5.0%, 5.0% and 3.0% respectively of the existing issued share capital of the Company and approximately 4.4%, 4.4 % and 2.6% respectively of the Enlarged Issued Share Capital.

Further, assuming full exercise of the Warrants at the initial Warrant Subscription Price, the Warrants will be converted into approximately 12,638,441 Shares, representing approximately 1.2% of the existing issued share capital of the Company and approximately 1.1% of the Enlarged Issued Share Capital.

The net proceeds (after deducting estimated expenses) from the issue of the Convertible Bonds and the Warrants are approximately HK\$886,600,000 and it is intended that it will be applied towards the general working capital needs and business expansion of the Group, including but not limited to the Group's investment in the development of integrated processing facilities in Yuen Long, Hong Kong and Yantai, PRC.

Completion of the issue of the Convertible Bonds and the Warrants are conditional upon the fulfilment of the conditions precedent set out in the paragraph headed "The Subscription Agreement" below.

MEMORANDUM OF UNDERTAKINGS

On 17 January 2012, HWH, Delco and Sims and others entered into the Memorandum of Undertakings pursuant to which, among other things, HWH and Delco have agreed to assign their entire respective Warrants to Sims upon issue of the Warrants. Sims has also provided an undertaking that it shall not acquire any further Securities such that the aggregate interest in Shares held by Sims and its Affiliates shall exceed 20% of the total issued share capital of the Company and, subject to Sims keeping at least 10% interest in the Company, HWH and Delco shall vote in favour of any Director nominated by Sims to serve on the Board provided that such Director is suitable as a director of a Hong Kong listed company in compliance with the Listing Rules.

LISTING RULES IMPLICATIONS

The Company will seek the grant of a Specific Mandate from the Independent Shareholders at the EGM to allot, issue and otherwise deal in additional Shares to satisfy the allotment and issue of the Conversion Shares upon exercise of conversion rights attaching to the Convertible Bonds and the exercise of the subscription rights attaching to the Warrants.

In addition, upon Completion, HWH and Delco, together with their respective associates will be interested in 312,923,265 Shares and 230,395,981 Shares respectively, representing approximately 30.04% and 22.11% respectively of the existing issued share capital of the Company and Green Elite, a 50-50 joint venture between Delco and HWH, is interested in 60,000,000 Shares, represently approximately 5.76% of the existing issued share capital of the Company. HWH and Delco are therefore Substantial Shareholders and connected persons of the Company. Upon Completion, Sims and its associates will be interested in 166,696,754 Shares, representing approximately 16% of the existing issued share capital of the Company. Sims has therefore become a Substantial Shareholder and a connected person of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder constitute connected transactions for the Company and are subject to the reporting and announcement requirements of the Listing Rules and the approval by the Independent Shareholders at the EGM.

Sims, Delco, HWH and Green Elite and their respective associates are required to abstain from voting for the relevant resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the issue and allotment of the Conversion Shares at the EGM.

The Independent Board Committee will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

EGM

An EGM will be convened and held for the purpose of considering and if thought fit, approving the EGM Matters.

CIRCULAR

A circular containing, among others, further information on the EGM Matters together with a notice to convene the EGM will be despatched to the Shareholders in accordance with the Listing Rules as soon as practicable, and is expected to be on or before 10 February 2012.

MASTER SUPPLY AGREEMENT

Sims Asia is an existing business partner of the Group as the Group has been purchasing the Products from Sims Asia for a considerable period of time. Immediately prior to the execution of the Share Sale and Purchase Agreement, on 16 January 2012, the Company entered into the Master Supply Agreement with Sims Asia to document their existing business relationships relating to the purchase of the Products by the Group from the Sims Asia Group.

As Sims Asia is an associate of Sims and therefore a connected person of the Company upon Completion, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules upon renewal of the Master Supply Agreement.

APPOINTMENT AND RESIGNATION OF NON-EXECUTIVE DIRECTORS

The Board is also pleased to announce that Mr. Michael Charles Lion, Chairman of Sims Asia has been appointed as a non-executive Director with effect from 17 January 2012. The Board also announces that Mr. Ralph Sytze Ybema has resigned as a non-executive Director with effect from the same day.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 1:30 p.m. on 17 January 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 18 January 2012.

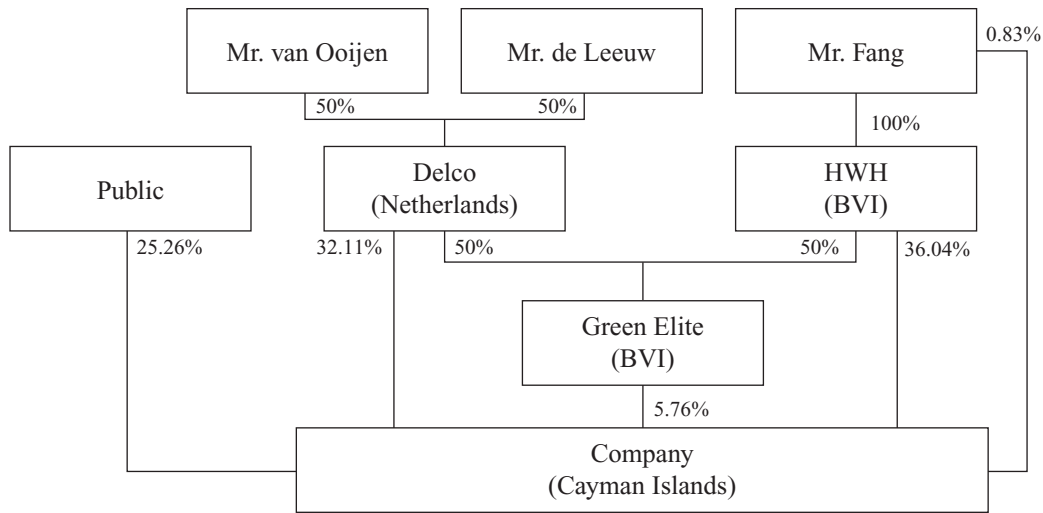
1. OVERVIEW

The Board is pleased to announce that on 17 January 2012, Mr. Fang, the Chairman of the Group, through HWH, together with Delco, have executed the Share Sale and Purchase Agreement to sell 16% of the existing issued share capital of the Company to Sims, a Hong Kong subsidiary of SMM, the world's largest listed metal recycler with ordinary shares listed on the Australian Securities Exchange (ASX: SGM) and American Depositary Receipts listed on the New York Stock Exchange (NYSE: SMS). Delco has also granted the Option to Sims to acquire a further 2% of the existing issued share capital of the Company. In addition, subject to approval by the Independent Shareholders, Sims will subscribe for part of the Convertible Bonds with the detachable Warrants. Assuming the full exercise of the Option and full conversion of the Convertible Bonds and the Warrants, Sims is expected to hold not more than approximately 20% of the fully diluted issued share capital of the Company. In order to support the continuing growth of the Group and subject to the approval of the Independent Shareholders, HWH and Delco will re-invest two-thirds of the sale proceeds received from the Share Sale into the Company by way of subscribing for part of the Convertible Bonds with the detachable Warrants on the same terms as Sims.

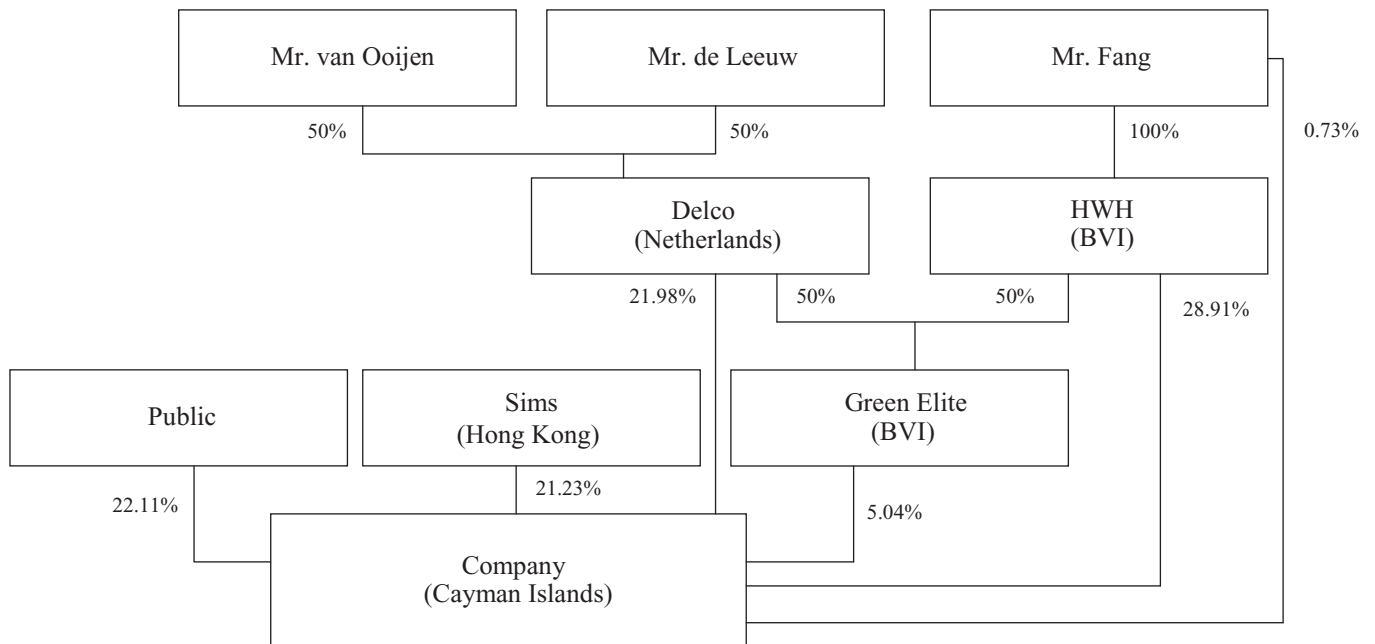
Prior to the signing of the Share Sale and Purchase Agreement, HWH acquired 10,418,548 Shares from Delco, representing approximately 1% of the issued share capital of the Company as at the date of this announcement at a consideration of HK\$4.50 per Share.

The following diagrams show the effect of the transactions contemplated under the Share Sale and Purchase Agreement and the Subscription Agreement on the shareholding structure of the Company.

Simplified existing shareholding structure of the Group prior to Completion



Simplified shareholding structure of the Group immediately after Completion and upon full exercise of the Option and full conversion of the Convertible Bonds and the Warrants *(Note)*



Note: The above shareholding structure is for illustration purposes only and may not be achievable because pursuant to the terms of the Deed Poll and the Warrant Instrument, none of the Bondholders and the Warrant holders may exercise their conversion rights and subscription rights, respectively, if the Company would not be able to comply with the minimum public shareholding requirement under the Listing Rules immediately after such conversion or subscription.

2. THE SHARE SALE AND THE GRANT OF OPTION

On 17 January 2012, Sims entered into the Share Sale and Purchase Agreement with, amongst others, Delco and HWH pursuant to which, Delco and HWH have agreed to sell an aggregate of 166,696,754 Shares, representing an aggregate of 16% of the existing issued share capital of the Company, to Sims at the total consideration of HK\$750,135,393 and Delco has granted the Option to Sims to purchase an additional 20,837,095 Shares (which would be increased by the number of the Further Option Shares upon occurrence of the Further Option Triggering Event) at HK\$6.00 per Option Share (subject to any Adjustments) on the terms and subject to the conditions set out in the Share Sale and Purchase Agreement.

The principal terms of the Share Sale and Purchase Agreement are set out below:

Date:	17 January 2012
Parties:	<ol style="list-style-type: none">1. Sims as purchaser;2. Delco as seller;3. HWH as seller;4. Mr. van Ooijen as warrantor and guarantor;5. Mr. de Leeuw as warrantor and guarantor; and6. Mr. Fang as warrantor and guarantor.
Number of Sale Shares:	104,185,471 Shares and 62,511,283 Shares to be sold by Delco and HWH, respectively, representing an aggregate of 166,696,754 Shares
Consideration for the Share Sale:	HK\$750,135,393, representing HK\$4.50 per Sale Share
Completion:	Completion took place on the date of signing the Share Sale and Purchase Agreement.
Grant of the Option:	Delco has irrevocably granted to Sims the Option to purchase 20,837,095 Option Shares (representing approximately 2% of the issued share capital of the Company as at the date of Completion) (which would be increased by the number of the Further Option Shares upon occurrence of the Further Option Triggering Event) on the terms and subject to the conditions set out in the Share Sale and Purchase Agreement.
Exercise price of the Option:	HK\$6.00 per Option Share, which represents:

- (i) a premium of approximately 51.90% over the closing price of HK\$3.95 per Share as stated in the daily quotations sheet of the Stock Exchange on 17 January 2012, being the date of grant; and
- (ii) a premium of approximately 53.45% over the average closing price of HK\$3.91 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days up to and including 17 January 2012.

Total number of the Option Shares and the Further Option Shares:

20,837,095 Option Shares, which would be increased to 41,674,190 Shares by the addition of the 20,837,095 Further Option Shares upon occurrence of the Further Option Triggering Event, subject to adjustments upon the occurrence of any one or more of the following events in relation to the Shares:

- (i) a sub-division, consolidation or reclassification of the Shares;
- (ii) a distribution by the Company to the Shareholders of additional Shares or other share capital or securities or securities, rights or warrants granting the right to a distribution of Shares or to purchase, subscribe or receive Shares or any other shares or securities or assets (other than the payment of a cash dividend);
- (iii) the reclassification of, or a change in, the Shares; or
- (iv) any event in respect of the Shares analogous to any of the foregoing events or otherwise having a diluting or concentrating effect on the value of the Shares.

Exercise period of the Option:

The period commencing on the date of Completion and expiring on the date being the third anniversary of that date (both dates inclusive).

3. THE SUBSCRIPTION AGREEMENT, THE ISSUE OF THE CONVERTIBLE BONDS AND THE WARRANTS

In conjunction with the Share Sale and in order to support the continuing growth of the Group, on 17 January 2012, the Company entered into the Subscription Agreement with HWH, Delco and Sims pursuant to which the Company will issue to Delco, HWH and Sims three-year 4% coupon Convertible Bonds in the aggregate principal amount of HK\$815,800,000 with the detachable Warrants in registered form to subscribe for an aggregate of 12,638,441 Shares for an aggregate principal amount of HK\$75,830,646 at the initial exercise price of HK\$6.00 per Share. HWH and Delco will re-invest two-thirds of the sale proceeds received from the Share Sale into the Company by way of subscribing for part of the Convertible Bonds. HWH and Delco have also agreed to assign their Warrants to Sims upon issue of the Warrants.

Assuming full conversion of the Convertible Bonds at the initial Bonds Conversion Price, the Convertible Bonds will be convertible into an aggregate of up to 135,966,667 Shares, representing approximately 13.0% of the existing issued share capital of the Company and approximately 11.5% of the Enlarged Issued Share Capital.

In addition, assuming full exercise of the Warrants at the initial Warrant Subscription Price, the Warrants will be convertible into an aggregate of up to 12,638,441 Shares, representing approximately 1.2% of the existing issued share capital of the Company and approximately 1.1% of the Enlarged Issued Share Capital.

The principal terms of the Subscription Agreement are set out below:

4. THE SUBSCRIPTION AGREEMENT

Date:	17 January 2012
Parties:	(i) The Company; (ii) HWH; (iii) Delco; and (iv) Sims.
Issuer:	The Company

Subscribers and the principal amount of the Convertible Bonds to be subscribed and the Warrants to be issued	Principal amount of the Convertible Bonds to be subscribed (HK\$)	Principal amount of the Warrants to be issued (HK\$)
HWH	187,600,000	17,434,536
Delco	312,600,000	29,057,556
Sims	315,600,000	29,338,554
Total:	<u>815,800,000</u>	<u>75,830,646</u>

Assuming full conversion of the Convertible Bonds at the initial Bonds Conversion Price, the Convertible Bonds subscribed by Sims, Delco and HWH will be convertible into approximately up to 52,600,000 Shares, 52,100,000 Shares and 31,266,667 Shares respectively, representing approximately 5.0%, 5.0% and 3.0% respectively of the existing issued share capital of the Company and approximately 4.4%, 4.4% and 2.6% respectively of the Enlarged Issued Share Capital.

Conditions Precedent:

Subscription Completion is conditional upon:

- (i) the Listing Committee having granted listing of, and permission to deal in, the Bonds Conversion Shares and the Warrants Conversion Shares;
- (ii) the passing by the Independent Shareholders by way of poll of ordinary resolutions to, *inter alia*, approve (if required under the Listing Rules) the issue of the Convertible Bonds and the Warrants to the Subscribers subject to the terms of the Deed Poll and the Warrant Instrument, respectively, and authorise the Board to allot and issue the Bonds Conversion Shares and the Warrant Conversion Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Bonds and the Warrants respectively;

- (iii) none of the warranties under the Subscription Agreement having become untrue, inaccurate or misleading in any material respect at any time before the date of the Subscription Agreement would otherwise become unconditional and no fact or circumstances having arisen and no fact or circumstances having arisen and nothing having been done or omitted to be done which would render any of such warranties untrue, inaccurate in any material respect if it was repeated as at Subscription Completion;
- (iv) up to and including the date of Subscription Completion, there being no Material Adverse Change;
- (v) the Share Sale and the Option Grant having been completed; and
- (vi) the Deed Poll and the Warrant Instrument having been executed by the Company on or before Subscription Completion.

If the above conditions precedent are not fulfilled and/or not waived (in respect of the conditions precedent set out in (iii) and (iv) above only) by the Subscribers on or before the Long Stop Date, the Subscription Agreement shall lapse and become null and void and the Parties thereto shall be released from all obligations hereunder, save for any liability arising out of any antecedent breaches.

Completion:

Subscription Completion shall take place on the third Business Day following the date on which the Subscribers are notified by the Company (supported by reasonably satisfactory evidence) that all the conditions precedent (save only for those that, and to the extent that the same, can be fulfilled only upon the Subscription Completion) have been fulfilled or waived or such other date as the parties shall agree.

5. THE DEED POLL

The principal terms of the Deed Poll setting out the terms of the Convertible Bonds were determined after arms' length negotiations between the Company and the Subscribers and are summarised below:

Bonds Conversion Price:

The initial conversion price is HK\$6.00 per Bond Conversion Share (subject to adjustments), which represents:

- (i) a premium of approximately 51.90% over the closing price of HK\$3.95 per Share as quoted on the Stock Exchange on 17 January 2012, being the date of execution of the Subscription Agreement; and
- (ii) a premium of approximately 53.45% over the average closing price of HK\$3.91 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 January 2012.

The Bond Conversion Price has been determined by the Company after taking into consideration of (i) the Company's equity placement tranche completed in April 2011 and the subsequent market correction; (ii) the arm's length negotiations with Sims and (iii) the volume-weighted average price of the Shares during the year ended 31 December 2011.

The Bonds Conversion Price and the aggregated number of Bonds Conversion Shares to be issued and allotted upon the exercise of the Convertible Bonds are subject to adjustments based on the prescribed formulae as set out in the Deed Poll which include, among others, adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation, sub-division or reclassification of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company, issue of Shares by way of rights or issue by way of rights any options to subscribe for Shares, rights issues of any securities other than Shares or options, warrants or other rights to subscribe for Shares), issues at less than Current Market Price for cash, issues at less than Current Market Price as consideration shares, other issues at less than Current Market Price, modification of rights of conversion at less than Current Market Price, other offers to Shareholders, and other adjustments determined by the Company.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into approximately 135,966,667 Shares, representing approximately 13% of the existing issued share capital of the Company and approximately 11.5% of the Enlarged Issued Share Capital.

Maturity Date:

The third anniversary of the date of issue of the Convertible Bonds, subject to extension as detailed below.

The Maturity Date shall be extended to the fifth anniversary of the date of issue of the Convertible Bonds (or such later date as the Company and the Subscribers may agree) (the “**Extended Maturity Date**”) if any of the Subscribers is not able to exercise any conversion rights in accordance with the conditions set out under the Deed Poll on or before the Maturity Date solely because of the minimum public float restriction under the Listing Rules.

In the event that the Maturity Date is so extended and any of the Subscribers is unable to exercise its conversion rights in full in accordance with the conditions on or before the Extended Maturity Date solely because of the minimum public float restriction under the Listing Rules, the outstanding principal amount of the Convertible Bonds shall, unless previously purchased or converted for Conversion Shares, be automatically redeemed at the outstanding principal amount of the Convertible Bonds in accordance with the terms of the conditions set out under the Deed Poll on the Extended Maturity Date.

Interest:

The Convertible Bonds shall bear interest from and including the date on which the Convertible Bonds are issued at the rate of 4% per annum of the outstanding principal amount of the Convertible Bonds.

Status:

The Convertible Bonds constitute unsecured and unsubordinated obligations of the Company and will rank *pari passu* among each of the Convertible Bonds and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Company except for obligations accorded preference by mandatory provision of applicable law. No application will be made for a listing of the Convertible Bonds in any jurisdictions.

Voting:	The Subscribers will not be entitled to vote at any general meetings of the Company by reason only of it being holders of the Convertible Bonds.
Transferability:	Any transfer of the Convertible Bonds must be in the principal amount of the Convertible Bonds of HK\$100,000 or any higher integral multiples.
Conversion Rights:	The holders of the Convertible Bonds have the right to convert the Convertible Bonds in whole or in part of the principal amount of the Convertible Bonds at any time during the Conversion Period in amounts of not less than HK\$100,000 or any higher integral multiples thereof on each conversion, subject to the conditions set out in the Deed Poll.
Conversion Period:	The conversion rights attaching to the Convertible Bonds may be exercised, at the option of the Subscribers, at any time on and after the first Business Day immediately following the second anniversary of the date of issue of the Convertible Bonds up to and including the date falling on the 10th Business Day prior to the Maturity Date, or if such date is not a Stock Exchange Business Day, the Stock Exchange Business Day immediately preceding this date.
Ranking:	The Conversion Shares issued upon conversion of the Convertible Bonds will rank <i>pari passu</i> in all respects with the Shares then in issue.
Redemption:	No redemption of the Convertible Bonds prior to the Maturity Date is allowed, except in limited circumstances.
Redemption Price:	100% of the outstanding principal amount of the Convertible Bonds.
Minimum public float:	The Subscribers shall not have the right to convert the whole or part of the principal amount of the Convertible Bonds to the extent that immediately after such conversion, there will not be sufficient public float of Shares as required under the Listing Rules. In the case where the Company does not have sufficient public float as required under the Listing Rules to issue all the Conversion Shares, each Subscriber shall only be entitled to convert such number of Shares which ensures minimum public float on a pro-rata basis, based on the then outstanding principal amount of the Convertible Bonds held by the relevant Subscriber proportional to the then total outstanding principal amount of the Convertible Bonds.

6. THE WARRANT INSTRUMENT

The principal terms of the Warrant Instrument setting out the terms of the Warrants were determined after arms' length negotiations between the Company and the Subscribers and are summarised below:

Warrant Subscription Price: HK\$6.00 per Warrant Conversion Share (subject to adjustments), which represents:

- (i) a premium of approximately 51.90% over the closing price of HK\$3.95 per Share as quoted on the Stock Exchange on 17 January 2012, being the date of execution of the Subscription Agreement ; and
- (ii) a premium of approximately 53.45% over the average closing price of HK\$3.91 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 January 2012.

The Warrant Subscription Price has been determined by the Company after taking into consideration of (i) the Company's equity placement tranche completed in April 2011 and the subsequent market correction; (ii) the arm's length negotiations with Sims and (iii) the volume-weighted average price of the Shares during the year ended 31 December 2011.

The Warrant Subscription Price and the aggregated number of Warrant Conversion Shares to be issued and allotted upon the exercise of the Warrants are subject to adjustments based on the prescribed formulae as set out in the Warrant Instrument which include, among others, adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation, sub-division or reclassification of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company, issue of Shares by way of rights or issue by way of rights any options to subscribe for Shares, rights issues of any securities other than Shares or options, warrants or other rights to subscribe for Shares), issues at less than Current Market Price for cash, issues at less than Current Market Price as consideration shares, other issues at less than Current Market Price, modification of rights of conversion at less than Current Market Price, other offers to Shareholders, and other adjustment determined by the Company.

Assuming full conversion of the Warrants at the initial Warrant Subscription Price, the Warrants will be convertible into an aggregate of up to 12,638,441 Shares, representing approximately 1.2% of the existing issued share capital of the Company and approximately 1.1% of the Enlarged Issued Share Capital.

Subscription period:

The period commencing on the first Business Day immediately following the second anniversary of the date of issue of the Warrants (which must be a Stock Exchange Business Day and if not, the Stock Exchange Business Day immediately following) up to and including the date immediately preceding the Expiry Date (if such date is not a Stock Exchange Business Day, the Stock Exchange Business Day immediately preceding this date)

The Expiry Date is the third anniversary of the date of issue of the Warrants, which shall be extended to the date falling on the fifth anniversary of the date of issue of the Warrants (if such date is not a Stock Exchange Business Day, the Stock Exchange Business Day immediately preceding this date) (or such later date as the Company and the Warranholders may agree) if any of the Warranholders are unable to exercise any subscription rights on or before the Expiry Date solely by the reason that the Company does not have sufficient public float of Shares as required under the Listing Rules.

After the subscription period, any subscription rights attaching to the Warrants which have not been exercised shall lapse and the Warrants shall cease to be valid for any purpose.

Subscription rights:

Each Warrant carries the right to subscribe for one new Share at the Warrant Subscription Price.

Status:

The Warrant Conversion Shares issued upon exercise of the subscription rights attaching to the Warrants will in all respects rank *pari passu* with the Shares in issue on the relevant registration date of the Warrants as if the Warrant Conversion Shares had been issued on such date.

Transferability:

The subscription rights attaching to the Warrants shall be transferable in whole amounts or integral multiples of the Warrants Subscription Price (or such other sum as the Directors shall from time to time determine) by instrument of transfer in any usual or common form or in any other form as may be approved by the Directors.

Minimum public float:

The Subscribers shall not have the right to exercise the subscription rights attaching to the Warrants to the extent that immediately after such exercise, there will not be sufficient public float of Shares as required under the Listing Rules. In the case where the Company does not have sufficient public float as required under the Listing Rules to issue all the Warrant Conversion Shares, unless otherwise agreed between the Warrantholders, each Subscriber shall only be entitled to exercise the subscription rights attaching to the Warrants to the extent so as to convert such number of Shares which ensures minimum public float on a pro-rata basis, based on the aggregate amount stated on the face of the Warrants held by the relevant Subscriber proportional to the then total outstanding amount of the Warrants.

7. MEMORANDUM OF UNDERTAKINGS

On 17 January 2012, the Covenantors and others have entered into the Memorandum of Undertakings, the principal terms of which are set out below:

1. Subject to the issue of the Warrants being approved by the Independent Shareholders, each of HWH and Delco agrees to unconditionally, irrevocably and absolutely assigns to Sims its rights, title, interests and benefit in and to the Warrants without any additional consideration, such assignment to take effect from the date of issue of the Warrants.
2. Each of the Covenantors agrees that before any of them or any of their respective Affiliates disposes of any interests in any Securities (other than to a Permitted Transferee), it shall give the other Covenantors no less than five Business Days' written notice of its intention to do so, provided that such notification requirement will not apply to any on-market sale whereby (i) the maximum number of Shares sold in any given day is not more than 20% of the average daily trading volume of the Company in the last five trading days immediately before such sale; and (ii) the maximum number of Shares which it and its Affiliates may sell in any rolling 6 months period shall not exceed 1% of the aggregate number of Shares in issue from time to time.
3. Sims undertakes to HWH and Delco that, for so long as the Concert Parties (which refers to parties acting in concert, as such expression is used in the Hong Kong Code on Takeovers and Mergers and, for this purpose, shall include HWH, Delco, Mr. Fang, Mr. van Ooijen, Mr. de Leeuw and their respective Affiliates) hold directly or indirectly not less than 30% of the issued

voting share capital of the Company, it shall not acquire any further Securities such that the aggregate interest in Shares held by Sims and its Affiliates shall exceed 20% of the total issued share capital of the Company.

4. Each of the Covenantors agrees to vote in favour of any placing of Shares by the Company to create headroom for the conversion of the Non-Share Securities while, at the same time, maintaining the necessary minimum public float requirements under the Listing Rules.
5. In the event that the Company has not taken sufficient steps to create headroom for Sims to convert its Non-Share Securities before the expiration of the Bond and the Warrants, HWH and Delco shall dispose of (or procure its Affiliates to dispose of) such number of Shares to the public so as to enable Sims to convert its Non-Share Securities into Shares by the last conversion dates permitted by the terms of the Convertible Bonds and the Warrants respectively.
6. Each Covenantor undertakes to the other Covenantors that it shall not convert (and shall procure its Affiliates not to convert) any Non-Share Securities held by it or its Affiliates (as the case may be) so as to reduce the public float of the Company at any given time to less than the minimum prescribed by the Listing Rules.
7. Each of HWH and Delco undertakes with Sims that for so long as Sims and its Affiliates continue to hold not less than an aggregate interest in Shares representing 10% of the total issued share capital of the Company, HWH and Delco shall vote (and shall procure their respective Affiliates to vote) in favour of the appointment of a director nominated by Sims to the Board provided that such director is suitable as a director of a Hong Kong listed company in compliance with the Listing Rules.

8. REASONS AND BENEFITS OF THE SUBSCRIPTION AGREEMENT, THE ISSUE OF THE CONVERTIBLE BONDS AND THE WARRANTS

Notwithstanding the Group is the largest mixed metal scrap importer and processor in China, the Group is constantly searching for opportunities to further grow and expand within China and worldwide. The Board firmly believes that in view of SMM's global reach and customer network, advanced technologies and solutions in the metals and electronics recycling industry together with its strong global resources with approximately 260 facilities worldwide, the proposed strategic collaboration with SMM will significantly add value and expertise which complements that of the Group, and will considerably enhance the Group's current position for future expansion. The Group further believes that having SMM as a significant minority shareholder of the Group is a strong recognition of the Group's competitiveness and achievements and will significantly enhance the overall reputation and strategic growth of the Group within the metal recycling industry.

9. THE DIRECTORS' VIEWS

The Directors (excluding the independent non-executive Directors) consider the terms of the Subscription Agreement are normal commercial terms and are fair and reasonable and that the transactions contemplated under the Subscription Agreement are in the interest of the Company and

the Shareholders as a whole. The independent non-executive Directors would not be able to opine on the reasonableness and fairness of the terms of the Subscription Agreement and the transactions contemplated thereunder until they have discussed with the independent financial adviser to be appointed by the Company.

10. USE OF PROCEEDS

The net proceeds (after deducting estimated expenses) from the issue of the Convertible Bonds and the full exercise of the Warrants is approximately HK\$886,600,000. It is intended that the net proceeds will be applied towards the general working capital needs and business expansion of the Group, including but not limited to the Group's investment in the development of integrated processing facilities in Yuen Long, Hong Kong and Yantai, PRC.

11. APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Bonds Conversion Shares and the Warrant Conversion Shares which may fall to be allotted and issued upon exercise of the conversion right and/or subscription rights attaching to the Convertible Bonds and the Warrants. No listing of the Convertible Bonds or the Warrants will be sought on the Stock Exchange or any other stock exchange.

12. FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

During the twelve months immediately preceding the date of this announcement, the Company has undertaken the following fund raising activity:

Financial year	Announcement Date	Description	Net proceeds raised	Basis to issue and allot new Shares	Reason for opting for the relevant financing method
31 December 2011	15 April 2011	Placing by HWH and Delco of 60,000,000 Shares followed by subscription of up to 60,000,000 Shares	Approximately HK\$385.7 million	General mandate pursuant to the written resolutions of all Shareholders passed on 23 June 2010	To further enhance the working capital base of the Group to undertake new business opportunities

13. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,041,854,706 Shares in issue.

Assuming the Convertible Bonds and the Warrants are subscribed in full and that there will be no change in the shareholding structure of the Company from the date of this announcement to (i) immediately after the exercise of the Option by Sims; (ii) immediately after the conversion in full of the Convertible Bonds; and (ii) immediately after the conversion in full of the Convertible Bonds and the Warrants, the effect on the shareholding structure of the Company upon conversion in full of the Convertible Bonds and the Warrants are as follows:

Shareholders	At the date of this announcement		Assuming conversion in full of the Option, the Convertible Bonds and the Warrants	
	No. of shares	%	No. of shares	%
HWH (Note 1)	312,923,265	30.04%	344,189,932	28.91%
Mr. Fang	8,626,000	0.83%	8,626,000	0.73%
Delco	230,395,981	22.11%	261,658,886	21.98%
Sims	166,696,754	16.00%	252,772,290	21.23%
Green Elite (Note 2)	60,000,000	5.76%	60,000,000	5.04%
Public Shareholders	263,212,706	25.26%	263,212,706	22.11%
	<u>1,041,854,706</u>	<u>100.00%</u>	<u>1,190,459,814</u>	<u>100.00%</u>

Note:

1. Mr. Fang is deemed to be interested in the Shares held by HWH as HWH is wholly-owned by Mr. Fang.
2. Green Elite is beneficially owned as to 50% by HWH and 50% by Delco respectively.

14. SPECIFIC MANDATE

The Company will seek the grant of a Specific Mandate to allot, issue and otherwise deal in additional Shares to satisfy the allotment and issue of the Conversion Shares upon exercise of conversion rights and/or subscription rights attaching to the Convertible Bonds and the Warrants at the EGM.

15. IMPLICATIONS UNDER THE LISTING RULES

Upon Completion, HWH and Delco together with their respective associates, will be interested in 312,923,265 Shares and 230,395,981 Shares respectively, representing approximately 30.04% and 22.11% respectively of the issued share capital of the Company and Green Elite, a 50-50 joint venture between Delco and HWH, will be interested 60,000,000 Shares, representing 5.76% of the issued share capital of the Company. HWH and Delco are therefore Substantial Shareholders and connected persons of the Company. Upon Completion, Sims and its associates will be interested in 166,696,754 Shares, representing approximately 16% of the existing issued share capital of the Company. Sims has therefore become a Substantial Shareholder and a connected person of the Company. Accordingly, the execution of the Subscription Agreement and the transactions contemplated thereunder constitute connected transactions for the Company and are subject to the reporting and announcement requirements of the Listing Rules and the approval by the Independent Shareholders at the EGM.

Sims, Delco, HWH and Green Elite and their respective associates are required to abstain from voting for the relevant resolution to approve the Subscription Agreement and the transactions contemplated thereunder and the issue and allotment of the Conversion Shares at the EGM.

The Independent Board Committee has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

16. EGM

An EGM will be convened and held for the purpose of considering and if thought fit, approving the EGM Matters.

17. CIRCULAR

A circular containing, among others, further information on the EGM Matters together with a notice to convene the EGM will be despatched to the Shareholders in accordance with the Listing Rules as soon as practicable, and is expected to be on or before 10 February 2012.

18. MASTER SUPPLY AGREEMENT

Sims Asia is an existing business partner of the Group as the Group has been purchasing Products from the Sims Asia Group for a considerable period of time. Immediately prior to the execution of the Share Sale and Purchase Agreement, on 16 January 2012, the Company entered into the Master Supply Agreement with Sims Asia to document their existing business relationships relating to the purchase by the Group of Products from the Sims Asia Group. The term of the Master Supply Agreement will expire on 31 December 2012. Pursuant to the Master Supply Agreement, the total value of the Products to be supplied by the Sims Asia Group to the Group during the term shall not exceed US\$400 million (approximately HK\$3,120 million) and the purchase and sale of the contemplated products shall be on normal commercial terms, at arms-length consistent with prior practice between the parties.

As Sims Asia is an associate of Sims and therefore a connected person of the Company upon Completion, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules upon renewal of the Master Supply Agreement.

19. APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is also pleased to announce that Mr. Michael Charles Lion, Chairman of Sims Asia, has been appointed as a non-executive Director with effect from 17 January 2012.

The particulars of Mr. Lion are set out below:

Mr. Michael Charles Lion, aged 62, has a career of over 40 years in the international non-ferrous metals industry, including pioneering the development of China and other Asian markets as consumers of international non-ferrous scrap in the early 1970s. He has been working with SMM Asia, being a wholly-owned Hong Kong subsidiary of SMM, for 14 years and is the Chairman and a director of SMM Asia. SMM Asia is engaged in the global international marketing and trading of SMM's owned and brokered non-ferrous scrap, nonferrous by-products and primary metals. From 1967 to 1986, he was a partner in Philipp and Lion Partnership; from 1986 to 1991, he was the Chairman and Chief Executive Officer of Philipp and Lion Group Ltd., and from 1997, he has been the President of Lion Consulting Inc.. As a founding member of the London Metals Exchange secondary aluminum sub-committee, he currently serves as chairman of the Bureau of International Recycling (“**BIR**”) Membership committee and a member of its Advisory and Executive boards. He was the president of the former British Secondary Metals Association and the president of the Nonferrous Division of BIR. He is a frequent speaker and contributor of articles at global industry events such as Metal Bulletin, IWCC and CRU, Cessco gatherings, on the topics of nonferrous metals and hedging. He graduated from Haileybury and Imperial Service College in 1963, and has a certificate of Former Ring Dealing Member of London Metals Exchange.

Mr. Lion has entered into a letter of appointment with the Company for a term commencing from 17 January 2012 up to the date of the next annual general meeting of the Company. He will be entitled to receive an annual director's fee of HK\$150,000 which is determined with reference to his duties and responsibilities with the Group, the Group's performance and the prevailing market situation. Mr. Lion is subject to retirement by rotation and re-election at the next general meeting of the Company in accordance with the articles of association of the Company.

As at the date of this announcement, to the best knowledge and belief of the Directors, Mr. Lion does not have any interests in the securities of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Save as disclosed, as at the date of this announcement, Mr. Lion does not have any other major appointment and professional qualifications nor any relationship with any Directors, senior management, Substantial Shareholders or controlling shareholders of the Company.

Mr. Lion confirms that there is no other matter relating to his appointment that needs to be brought to the attention of the Shareholders, nor is there any other information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

The Board welcomes Mr. Lion's joining the Group.

20. RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board also announces that Mr. Ralph Sytze Ybema has resigned as a non-executive Director with effect from 17 January 2012 due to time commitments required by a non-executive director of a listed company and his other business pursuits.

Mr. Ybema has confirmed to the Board that there is no disagreement between him and the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to Mr. Ybema for his valuable contribution to the Company during his tenure of office.

21. INFORMATION ON THE GROUP, HWH, DELCO AND SIMS

The Group principally engages in mixed metal scrap recycling, reuse and processing which involves breaking-down, demolition and separation of mixed metal scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminum scrap and iron scrap as well as a growing business in scrap metal collection.

HWH is an investment holding company. HWH is wholly-owned by Mr. Fang, the Chairman of the Company and an executive Director.

Delco is an investment holding company. Delco is indirectly 50%-owned by Mr. van Ooijen, an executive Director, and 50%-owned by a foundation for the sole benefit of Mr. de Leeuw.

Sims is an indirect wholly-owned subsidiary of SMM, the world's largest listed metal recycler with ordinary shares listed on the Australian Securities Exchange (ASX: SGM) and American Depositary Receipts listed on the New York Stock Exchange (NYSE: SMS). The principal business of SMM and its subsidiaries and its associates is metals and electronics recycling.

22. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 1:30 p.m. on 17 January 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 18 January 2012.

23. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Affiliate(s)”	in respect of a particular company, any company or other entity which is its holding company or subsidiary, or any subsidiary of its holding company, or which directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such company. For the purposes of the foregoing, “ control ” means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and “ controlled by ” and “ under common control with ” shall be construed accordingly
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholders”	HWH, Delco and Sims
“Bonds Conversion Share(s)”	new Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Bonds Conversion Price”	HK\$6.00, subject to adjustments and being the price at which each Bonds Conversion Share will be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Business Day”	means a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 976)
“Completion”	completion of the Share Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Convertible Bonds”	the three-year 4% coupon convertible bonds in the aggregate principal amount of HK\$815,800,000 constituted by the Deed Poll, to be issued by the Company and expiring on the third anniversary of the date of issue, convertible into Shares, and with the benefit of and subject to the terms and conditions of the Deed Poll
“Conversion Shares”	collectively, the Bonds Conversion Shares and the Warrant Conversion Shares
“Covenantors”	HWH, Delco and Sims
“Current Market Price”	has the same meaning ascribed to it in the Deed Poll and the Warrant Instrument
“Deed Poll”	the deed poll constituting the Convertible Bonds to be executed by the Company
“Delco”	Delco Participation B.V., a company incorporated in the Netherlands and a Substantial Shareholder holding approximately 32.11% of the existing issued share capital of the Company immediately before Completion
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and if, thought fit, approving the EGM Matters
“EGM Matters”	the matters to be put forward to the Shareholders for consideration, if thought fit, approval at the EGM which include the Subscription Agreement and all transactions contemplated thereunder (including the allotment and issue of the Conversion Shares) and the grant of the Specific Mandate
“Enlarged Issued Share Capital”	the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares
“Further Option Shares”	20,837,095 Shares (subject to adjustments (if any) pursuant to the Share Sale and Purchase Agreement)
“Further Option Triggering Event”	the failure on or before 30 April 2012 (or such later date as may be agreed to be the Long Stop Date for the purpose of the Subscription Agreement) of the Independent Shareholders to approve the Subscription Agreement in accordance with the requirements of the Listing Rules

“Green Elite”	Green Elite Limited, a company incorporated in the BVI and a Shareholder holding approximately 5.76% of the existing issued share capital of the Company before Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HWH”	HWH Holdings Limited, a company incorporated in the British Virgin Islands, a Substantial Shareholder holding approximately 36.04% of the existing issued share capital of the Company immediately before Completion and is wholly-owned by Mr. Fang
“Independent Board Committee”	comprising Mr. Loke Yu, Mr. Li Xikui and Ms. Zhang Jingdong, all being the independent non-executive Directors
“Independent Shareholders”	all Shareholders other than HWH, Delco and Sims and their respective associates
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 April 2012 or such later date as may be agreed between the Subscribers and the Company for the purpose of the Subscription Agreement
“Master Supply Agreement”	the supply agreement entered into between the Company and Sims Asia on 16 January 2012 in relation to the supply of the Products by the Sims Asia Group to the Group
“Material Adverse Change”	<p>any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on:</p> <p>(a) the ability of the Company to perform its obligations under the Subscription Agreement; or</p> <p>(b) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Company or the Group as a whole</p>

“Maturity Date”	the third anniversary of the date of issue of the Convertible Bonds subject to extension as set out in the Deed Poll
“Memorandum of Undertakings”	the memorandum of undertakings dated 17 January 2012 entered into between HWH, Delco, Sims, Mr. van Ooijen, Mr. de Leeuw, Mr. Fang and Sims Asia to regulate their relationships in relation to the Company
“Mr. de Leeuw”	Mr. Herman Maurits de Leeuw, one of the controlling shareholders of Delco
“Mr. Fang”	Mr. Fang Ankong, the Chairman of the Company and an executive Director
“Mr. van Ooijen”	Mr. Stephanus Maria van Ooijen, an executive Director and the controlling shareholder of Delco
“Non-Shares Securities”	Securities other than Shares
“Option”	the call option granted in respect of the Option Shares by Delco to Sims on the terms and subject to the conditions set out in the Share Sale and Purchase Agreement and if there occurs a Further Option Triggering Event, the expression Option shall mean the call option granted in respect of the Option Shares and the Further Option Shares
“Option Grant”	the proposed grant of an option by Delco in favour of Sims pursuant to which Delco will grant Sims a right to acquire from Delco the Option Shares and, upon occurrence of the Further Option Trigger Event, the Further Option Shares
“Option Shares”	20,837,095 Shares or if there occurs a Further Option Triggering Event, 41,674,190 Shares (subject to adjustments (if any) pursuant to the Share Sale and Purchase Agreement)
“Permitted Transferee”	an Affiliate of a Covenantor. For this purpose, Delco and its Affiliates shall be considered Affiliates of HWH and vice-versa
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
“Products”	the products which may from time to time be supplied by the relevant members of the Sims Asia Group to the Group pursuant to the terms and conditions of the Master Supply Agreement

“Sale Share(s)”	an aggregate of 166,696,754 Shares to be sold by Delco and HWH to Sims pursuant to the Share Sale and Purchase Agreement
“Securities”	Shares, Convertible Bonds, Warrants and any securities interests at any time deriving from such Shares, Convertible Bonds and Warrants by way of consolidation, subdivision and capital distribution
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Sale”	the sale of the Sale Shares by HWH and Delco to Sims as contemplated under the Share Sale and Purchase Agreement
“Share Sale and Purchase Agreement”	the sale and purchase agreement dated 17 January 2012 entered into between Sims, HWH, Delco, Mr. van Ooijen, Mr. de Leeuw and Mr. Fang pursuant to which, amongst others, HWH and Delco shall sell and Sims shall purchase 166,696,754 Shares
“Shareholder(s)”	holders of the Shares
“Sims”	Sims Metal Management Dragon Holdings Limited, a company incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiary of SMM
“Sims Asia”	Sims Metal Management Asia Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SMM
“Sims Asia Group”	Sims Asia and its subsidiaries and associates
“SMM”	Sims Metal Management Limited, a company incorporated in Australia and the holding company of Sims and Sims Asia
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights and/or subscription rights attaching to the Convertible Bonds and the Warrants
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Stock Exchange is open for business
“Subscribers”	collectively, HWH, Delco and Sims

“Subscription Agreement”	the conditional subscription agreement dated 17 January 2012 entered into between the Company as the issuer, HWH, Delco and Sims as subscribers in respect of the issue of the Convertible Bonds and the Warrants
“Subscription Completion”	completion of the Subscription Agreement
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Warrant(s)”	the warrant(s) to be issued by the Company to each of Sims, HWH and Delco to subscribe for, at any time from the date of issue to the date immediately preceding the date falling on the third anniversary of the date of issue, an aggregate amount of HK\$75,830,646 for fully paid Shares at the initial Warrant Subscription Price of HK\$6.00 per Share (subject to adjustments)
“Warrant Conversion Share(s)”	the Share(s) to be issued by the Company on exercise of the Warrants (whether upon exercise by a holder of Warrants of the Warrant Conversion Rights, or otherwise pursuant to the Warrant Instrument)”
“Warrant Conversion Rights”	the rights attached to the Warrants to convert such Warrants into the Warrant Conversion Shares
“Warrant Instrument”	the deed poll constituting the Warrants to be executed by the Company
“Warrant Subscription Price”	the principal value of the Warrants to be subscribed by the Subscribers
“Warrantholder(s)”	holder(s) of the Warrants
“%”	per cent

By Order of the Board
CHIHO-TIANDE GROUP LIMITED
Fang Ankong
Chairman

Hong Kong, 17 January 2012

As at the date of this announcement, the Board comprises:

Executive Directors: Fang Ankong, Stephanus Maria van Ooijen, Gu Liyong

Non-executive Director: Michael Charles Lion

Independent non-executive Directors: Loke Yu, Li Xikui, Zhang Jingdong